From:	Ion Bogdaneris <ion@gmfcapital.com>
To:	Moshe Sheffer <moshesh@fstbm.com>
CC:	Ari Zeevi Farkash <ari@fstbm.com> Gary Fegel <gary@fegel.com> ehbarak1@gmail.com
Date:	Sun, 11/9/2014 3:58:57 PM
Subject:	Re: Letter of Intent

Hi Moshe,

Thanks for your note.

I have taken note of your points and suggest we organise a call to go through these in more detail.

Please let me know what suits you on Monday before 3 pm Swiss time for a call and I will adjust to your availability.

Look forward to speaking soon.

Best regards,

Ion

On Sun, Nov 9, 2014 at 11:37 AM, Moshe Sheffer <moshesh@fstbm.com> wrote:

> Hi Ion,
>
> Thanks for the LOI. We are very excited about working with you and GMF. We have a few comments, which we would like to share with you in order to move forward.
>
> 1. We think it would be helpful to know the range of the amount GMF intends to invest. Currently, the LOI says up to $15 million, but there is no lower end amount. We would like it to state between $10 million and $15 million to be invested by GMF.
>
> 2. The proposed form of anti-dilution protection (full ratchet) is very aggressive and would pose a problem for the Company and its current shareholders. The current investors have weighted-average anti-dilution protection, which we believe is far more common. We propose that GMF receive that form of anti-dilution protection.
>
> 3. There are a few important sections (e.g., ranking, qualified majorities, board composition) which state that the parties will agree on this. These issues are contained in the Company's Articles of Association, which we sent to you. In order to understand GMF's proposal and to be able to move forward expeditiously.
>
> We think it makes sense to better understand your thinking on these issues.

We are happy to discuss these issues with you so that we can move forward. As I mentioned, we are very excited about working with you and are committed to getting this deal done ASAP.

Thanks,

Moshe Sheffer

CFO

C. +972-52-8410225 / T. +972-3-7468300 / F. +972-3-7468399 / US. +1 (718) 873-0041

33 Lazarov St. Rishon Lezion , 7565435 Israel

www.fstbm.com

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From: Ion Bogdaneris [mailto:ion@gmfcapital.com]
Sent: Thursday, November 6, 2014 2:05 PM
To: Ari Zeevi Farkash
Cc: Gary Fegel; ehbarak1@gmail.com; Moshe Sheffer
Subject: Letter of Intent

Dear Farkash,

I hope this note finds you well.

Following our recent meeting and subsequent internal conversations, we are pleased to confirm our interest in making an equity investment in FST Biometrics.

The attached Letter of Intent sets out our intention to complete an equity investment in FST of up to $15 million. Final confirmation of this proposed investment is subject to the approval of the GMF Capital Investment Committee.

Confirmation of this investment will be subject to the following :

(1) Refinement of the amount of equity investment required

(2) Completion of our commercial and technical due diligence

(3) Agreement on changes required to the existing FST Articles of Association to accommodate GMF Capital's entry into the

shareholding structure and participation in the governance of the business

(4) Completion of all the appropriate documentation required prior to closing

Separately, we have also noted FST's requirement for working capital financing ahead of a potential closing in an amount up to $500,000 to be made available on or before November 30, 2014. Although not referenced in the attached LOI,

it is understood and would make up a part of our commitment.

We are excited at the opportunity to partner with FST and support you as the business looks to build on the significant steps already achieved to continue and accelerate its market leadership position.

I look forward to working with you and the management team to finalise this partnership.

With kind regards,

Ion

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Ion Bogdaneris

Chief Executive Officer

GMF Capital

Bahnhofstrasse 52

Zurich 8001

Switzerland

Email : ion@gmfcapital.com

Tel : + 41 044 214 6522

Mob : + 41 079 260 0952